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Fiscal Note

Drafting Number: LLS 22-0238
Prime Sponsors: Rep. Hooton
Date: February 1, 2022
Bill Status: House Judiciary
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Bill Topic: ESTABLISH FAIR HOUSING UNIT DEPARTMENT OF LAW

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill creates the Fair Housing Unit in the Department of Law to enforce civil and criminal action for various housing statutes. Starting in FY 2022-23, the bill will increase state expenditures.

Appropriation Summary: No appropriation is required; the Mortgage Fraud Settlement Custodial Cash Fund is continuously appropriated to the Department of Law.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 22-1082

Table with 4 columns: Category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts.

## Summary of Legislation

The bill creates the Fair Housing Unit in the Department of Law (DOL) to bring civil and criminal actions to enforce the following sections of law:

- the Immigrant Tenant Protection Act;
- the Mobile Home Park Act;
- the Mobile Home Park Act Dispute Resolution and Enforcement Program; and
- Part 1 (Wrongful Withholding of Security Deposits) and Part 7 (Notice of Rent Increase) of Article 12 of Title 38 governing tenants and landlords.

## Background

In 2012, Colorado entered into a \$200 million settlement with five different banks over allegations of wrongful mortgage practices. Under the settlement, the state was awarded over \$50 million deposited into the Mortgage Fraud Settlement Custodial Cash Fund to be used for various mortgage-related efforts including contracting with the Department of Local Affairs to provide loans for construction and rehabilitation of affordable rental housing. According to the Department of Law, the fund is estimated to receive about \$2.0 million per year in revenue from the repayment of these loans and will have an estimated balance of \$5.5 million at the end of FY 2021-22.

## State Expenditures

The bill increases state expenditures in DOL by \$241,635 in FY 2022-23 and \$275,726 in FY 2023-24 and future years, paid from the Mortgage Fraud Settlement Custodial Cash Fund. Additionally, workload may increase in the Judicial Department. These costs are summarized in Table 2 and discussed below.

**Table 2**  
**Expenditures Under HB 22-1082**

	FY 2022-23	FY 2023-24
<b>Department of Law</b>		
Personal Services	\$192,444	\$230,933
Operating Expenses	\$2,160	\$2,700
Capital Outlay Costs	\$12,400	-
Mileage Reimbursement	\$1,320	\$1,320
Centrally Appropriated Costs <sup>1</sup>	\$33,311	\$40,773
<b>Total Cost</b>	<b>\$241,635</b>	<b>\$275,726</b>
<b>Total FTE</b>	<b>1.6 FTE</b>	<b>2.0 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Law.** The DOL requires 2.0 FTE to staff the new Fair Housing Unit and to enforce the various housing statues listed in the bill. Staff includes one senior assistant attorney general to bring civil and criminal actions and one criminal investigator. Staffing costs include personal services, operating and capital outlay costs, and mileage reimbursement at \$0.22 per mile, as outlined in Table 2 above. Costs in FY 2022-23 are prorated for a September 1 start date. Because funds in the Mortgage Fraud Settlement Custodial Cash Fund are continuously appropriated to the DOL, no appropriation for these costs is required.

**Judicial Department.** Workload in the trial courts in the Judicial Department will increase to the extent more housing related cases are filed. The fiscal note assumes that no change in appropriation is required.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State and Local Government Contacts

Information Technology

Judicial

Law